

**RFP 16-042, Food Warehouse and Distribution Services  
for the Indiana Department of Education  
Attachment H – Scope of Work**

*PROPOSAL REQUEST FOR DISTRIBUTING USDA FOOD TO  
ELIGIBLE RECIPIENT AGENCIES IN INDIANA  
DURING THE 2017 STATE FISCAL YEAR  
(July 1, 2016 to June 30, 2017)*

**PROGRAM INFORMATION and OPERATIONAL PROCEDURES**

**A. Scope and Constraints**

This request is directed primarily toward dependable food distributors in the State who currently have adequate facilities and delivery equipment to warehouse and deliver additional volumes of food products. A prime contractor must submit as part of their bid any and all name(s) and contract(s) of subcontractors to be used. The performance of any and all subcontractors will be the full responsibility of the prime contractor. Bids from out of state will receive consideration.

The State reserves the right to reject offers from firms whose facilities and/or delivery equipment are deemed by State officials, to have inadequate capacities or be in an unsanitary condition. Moreover, the State reserves the right to accept the bid(s), which seems to be in the best interest of the State, and recipient agencies. The State reserves the right to reject all offers.

The bidder shall have been in business for three consecutive years prior to the proposal date as a public storage warehouse and/or food distributor. Proposals must be made with the foregoing in mind.

Operations of the future contract shall comply with all applicable provisions of 7 CFR 250.

**B. Basic Requirements**

**1 - Time Frame**

Contract services will begin on **July 01, 2016** and terminate on **June 30, 2017**. The contract may be renewed for three additional one-year periods at the option of the contractor, the Department of Education, the Department of Administration, and the Director of the State Budget Agency pursuant to the State Contract provisions in Section 29 of this chapter (**Renewal Option**). Contract renewal will depend on the outcome of a performance evaluation conducted by the Using Agency.

The State shall provide a written renewal or termination notification to each contractor by February 15. The State retains the right to solicit new bids for any or all food distribution regions as circumstances may dictate with regard to the renewal option.

**2 - Service Regions**

**Figure 3-1** shows the six distribution regions within the State. **Bidders may offer bid(s) on any one region or combination of regions.** The contractor shall not be required to have a receiving and distribution facility in the region(s) awarded.

**3 – Items**

The State Food Distribution Program will handle a wide variety of foods during a given year. Examples of the potential quantity and variety in USDA Food purchases are available, per region, on **Exhibit 3-1**. The items and quantities vary from year to year. The contractor agrees to accept all items and quantities ordered by the Using Agency.

#### 4 – Warehouse Requirements

Contractor must have adequate warehouse facilities for the following:

A. Dry groceries – Ventilated space which is capable of maintaining an average temperature of 50 to 70 degrees Fahrenheit.

B. Frozen foods – Maintain an average temperature of -10 degrees Fahrenheit or below.

C. Chilled items – Normally 36 degrees Fahrenheit (32 to 40 degrees Fahrenheit depending on the item). These items may also be referred to as **cooler** storage products.

Refer to **Exhibit 3-2** for information concerning the storage of grains and dried fruit foods

Warehouse space requirements will vary from one region to another. The State does not fully control the quantity or time USDA Food are received. Successful bidders must provide appropriate storage for all USDA Food received. The Using Agency will provide warehouses with notice of expected arrivals as soon as possible through CNPweb™ (our administrative web portal).

If the quantity of USDA Food received exceeds warehouse capacity, the contractor shall be responsible for securing additional space required to adequately provide proper storage for the USDA Food. Space secured by the contractor for this purpose shall meet all specifications and other requirements for warehousing as set forth in this bid request. Any additional expense connected with the securing, transfer handling and transportation to and from the outside storage site shall be borne by the contractor.

#### 5 – Truck and Rail Requirements

Currently, most USDA Food shipments arrive by truck. Successful bidders having the capability to accept rail shipments may receive a portion of USDA Food shipments by rail. The State is not requiring contractors to provide rail facilities where none exist. Required unloading capacities are as follows:

A. The ability to unload a minimum of three full (42,000# +) trucks per day per awarded region.

B. If rail facilities are available, the contractor must maintain the ability to unload a minimum of one (1) full (80,000# +) railcar per day per awarded region.

#### 6 - Delivery Vehicle Requirements

Contractor must have adequate delivery vehicles as follows:

A. Van trucks for delivery of dry groceries; refrigerated and frozen compartment trucks for deliveries of refrigerated and/or frozen items, or

B. Dual compartment trucks for combination (dry, refrigerated, frozen) deliveries, or

C. Single compartment refrigerated trucks **capable of maintaining 0 degrees Fahrenheit or below** for separate or integrated deliveries of dry groceries and refrigerated and/or frozen items. **Adequate protection must be provided to avoid freezing of foods not normally held in that condition.**

The number of vehicles required will depend on the size of the trucks and will vary by region and delivery period.

Delivery temperature of frozen and chilled food shall be in accord with the U.S. Food and Drug Administration 2005 Food Code (3-202.11).

## 7 - Inbound Freight

Inbound shipments and status information will be available through the Using Agency CNPweb™ system.

All USDA Food shipped to a contractor's warehouse will be totally prepaid, including pallets i.e. product and freight. The pallets are part of the USDA bid package and a pallet exchange is not required. Officials of the Department of Education, Office of School and Community Nutrition will notify contractors of expected shipping periods as determined by USDA through the use of CNPweb™.

Contractors will accept both USDA and Using Agency contracted shipments, including those resulting from Using Agency Processing Contracts.

Contractor shall receive from the tailgate of a truck, from floor loaded railcar or piggyback truck (treated as a railcar), which is providing transportation for USDA Food covered under the contract. There are no specific Federal or State regulations that require a 24-hour notification from carriers prior to arrival at the warehouse. USDA shipping documents provide a request that a 24-hour notification be given to receiving facilities; however, there is no penalty for not requesting an appointment. The contractor cannot refuse deliveries or request specific times unless mutually agreed upon by the shipper/carrier and contractor.

The contractor must maintain a log of shipper/carrier calls. At a minimum, the log must provide the name of the carrier (firm and driver for truck deliveries), date and time of notification for delivery, USDA Food to be delivered, date and time of arrival, date and time unloading commences, date and time unloading is completed, the signatures of consignee or designated representative and the carrier representative (may not be applicable for rail shipments).

Upon receiving a USDA Food shipment, the contractor shall, before beginning the unloading process, note the condition of the seal, the seal number, the condition of the lading, and the adequacy of the bracing. If the USDA Food is received in a refrigerated carrier, the temperature at the time of opening shall be noted and recorded on the Bill of Lading. These documents must be kept on file for future reference and review (7 years retention period, see #25 following).

Upon receipt of a shipment, in instances where the lading is over, short, or damaged, the carrier shall be notified and a joint inspection requested. The time and name of the individual contacted shall be noted on the Forwarding Notice and the Over, Short, or Damaged Report (USDA, FNS-57). If applicable, the joint inspection shall be made within 48-hours of the request. In the event that the carrier does not respond to the inspection request, the contractor shall follow, **explicitly**, the Using Agency's instructions concerning documentation pertaining to receipt of damaged USDA Food.

The contractor shall download, level off, and brace all outbound stop off split shipments in accordance with standard industry practice. Please refer to Truck Seal Guidance **Exhibit 3-3**

The Uniform Freight Classification specifically states that "The Vendor is required to return and secure all

railroad owned securing devices removed to complete unloading, securely lock all bulk-head doors, and close all top hatches and bottom outlets and exterior doors.” The Contractor is liable to the railroad for damage to the cars. USDA and the Using Agency will cooperate with the railroad in every way possible to assist them in recovering claims for damages from consignees.

Frequency and volume of warehouse receipts will vary from one region to another.

The Using Agency policy concerning **Diversion of USDA Shipments** is as follows:

A. Changes from the normal destination of USDA shipments shall be established at the time food requisitions are prepared by the Using Agency.

B. A contractor request for destination change once a food requisition has been entered into the USDA computer system will be possible **only under extreme emergency circumstances** such as fire, flood, or other disaster (of natural or human origin) which renders the original destination facility inaccessible or otherwise unfit for storage of USDA Food.

C. Diversion of USDA shipments may be arranged between the original destination warehouse and the vendor prior to or at the time of shipment notification. However, any additional cost incurred by USDA as a result of the diverted shipment shall be borne by the contractor who initiated the change in destination. **The contractor shall inform the Using Agency immediately of any such diversion arrangements.**

Contractor shall receive inbound freight in accordance with acceptable industry practices and USDA Food and Nutrition Service, Food Distribution Regulations and Instructions. The contractor shall also be responsible for the following:

A. Cooperate with railroad personnel in spotting cars promptly.

B. Inspect each load for condition on arrival and verify accuracy of count. Immediately notify the Using Agency of any problems with condition or quantity. Completion of an Over, Short, and Damaged Report (OS&D; USDA FNS-57) may be required.

C. Within two working days, notify the Using Agency of shipment arrivals through CNPweb™.

D. Recoup damaged **foods** so that all USDA Food suitable for **program use** are salvaged.

E. The contractor agrees to assume responsibility for all freight demurrage and/or detention charges that accrue to the contractor unless the Using Agency and/or USDA specifically exempt such charges in writing.

F. Level and brace all stop off shipments as required to ensure product integrity for further movement.

G. Contractor **will be** liable for claims levied by USDA against the contractor or the Department of Education, Office of School and Community Nutrition as a result of contractor's failure to properly secure, handle or account for shipments.

H. Maintain capability to accept both palletized and slip-sheeted foods. Any additional expense incurred by a contractor not having the proper slip-sheet handling equipment will be the responsibility of the contractor.

The exchange of pallets is permitted if the carrier agrees and the exchange is in accordance with standard industry practice. However, palletized USDA Food purchased by USDA includes payment for the pallet, so a pallet exchange is unnecessary.

## 8 - Stock Rotation

Rotate all stock on a First-In, First-Out (FIFO) basis in accordance with acceptable warehousing practices. A detailed account of the system employed by the contractor to ensure proper stock rotation must be submitted with the proposal. Failure to comply would be grounds for rejecting the entire bid.

## 9 - Outbound Deliveries

The Using Agency will provide a list of potential recipient agency delivery sites by region via a file download from the CNPweb™ system. Contractor shall maintain the ability to provide service to additional Using Agency approved recipient agencies.

Weekly, the Contractor will download electronic recipient agency delivery order data files from the Using Agency CNPweb™ system (a more detailed description of this system can be found in chapter five). Contractors shall, **where practical**, honor recipient agency delivery orders when such orders are downloaded by the contractor up to **two full working days** prior to beginning of the normal delivery period. Recipient agencies may change delivery orders up to the point that the contractor downloads such orders. The contractor will be restricted as to how soon they may download orders prior to a delivery period beginning (i.e., Wednesday evening, 4pm Indianapolis Time). Contractors shall not be required to make deliveries to recipient agencies unless the recipient agency or the Using Agency has submitted a delivery order through the CNPweb™ system.

The contractor shall not arbitrarily ship a product that has not been properly requested by a recipient agency. The Using Agency may authorize shipment of unrequested USDA Food via the CNPweb™ system when such shipment will expedite utilization and avoid possible waste.

The contractor must submit recipient agency delivery verification to the Using Agency via the CNPweb™ system within **two full working days** of delivery completion.

## 10 – Frequency of Deliveries

The contractor will provide a file upload to the CNPweb™ system that contains delivery periods available to each recipient agency delivery site by August 1 of each contract year. Deliveries to recipient agencies shall be made on a biweekly basis or with the mutual agreement of both parties at other intervals. Those recipient agencies affected by any deviation from the published schedule shall be notified by telephone as soon as the deviation is recognized by any agent of the contractor (i.e., delivery personnel). For the purposes of this document, biweekly delivery shall mean every other week and **not** twice a month; therefore, some recipient agencies may have deliveries scheduled three times in certain months.

## 11 – Delivery Times

Deliveries shall be made on a biweekly basis to all qualified delivery locations between the hours of **7:00 a.m. and 3:00 p.m. (Recipient Agency Local Time)**, unless special arrangements are made in advance. Deliveries shall be made Monday through Friday, except holidays or other times when certain recipient agencies are closed such as for inclement weather.

The contractor shall, **where practical**, provide each recipient agency with delivery on the same weekday of each scheduled delivery period or provide a 24-hour notification of delivery. This provision should actually increase delivery efficiency by enabling recipient agencies to plan and schedule receiving personnel.

In the event that deliveries are delayed due to a cause beyond the control of the recipient agency (i.e.,

inclement weather, contractor equipment failure, or personnel problems), the contractor shall work with the affected recipient agency to arrange another agreeable time of delivery before the next scheduled delivery date.

The contractor must provide delivery to all recipient agencies operating the Summer Food Service Program. These recipient agencies include a variety of non-school sites.

Deliveries will not be made during the month of July. During the month of July, the Using Agency will conduct physical inventory audits of all contractors, reconcile any inventory discrepancies, and subsequently clear all remaining products for delivery and/or transfer.

## 12 - Delivery Drops

Drivers and/or other representatives of the contractor shall deliver foods into designated receiving areas at each recipient agency site and shall not be required to stow such foods on shelves. Information concerning the possible number of school drop sites will be available from the Using Agency through CNPweb™.

Designated receiving areas have the following parameters:

- A. Delivering carriers shall have access to a ground level unloading area or standard truck dock.
- B. Facilities shall be accessible by truck.
- C. Final receiving area shall be on the same level as the unloading area and no more than fifty feet from ground level unloading area or truck dock.
- D. Carriers will follow standard industry practice pertaining to deliveries when addressing unusual delivery situations.

A recipient agency representative shall verify accuracy of items, quantities of each item, total quantities, and condition of foods. The recipient agency representative must sign each delivery receipt. The receiving agent shall note variances from the norm, such as shortages, damages, etc., on the appropriate delivery receipt. Delivery personnel shall initial all such notations.

A recipient agency delivery order of fewer than ten cases per drop site will be assessed a drop fee not to exceed fifteen dollars per drop. A drop fee **may not** be assessed when delivery of less than the minimum is the result of the contractor's discretion. As an example, if a single recipient agency requested a combined delivery of dry and cooler/freezer foods which met the minimum delivery requirement and the contractor decided to deliver less than the minimum of dry foods on one day and less than the minimum of cooler/freezer foods several days later, the recipient agency would not be subject to the drop fee.

## 13 – Straight or Mixed Loads

Contractor may deliver foods in straight loads containing foods only or in mixed loads with foods commercially purchased, as long as all terms of the contract are satisfied. Food may **not** be stored or delivered with chemicals or other products that may be harmful to the quality or safety of the food. The Using Agency will allow no exceptions. Food safety is our highest priority.

## 14 – Special Deliveries

Special or intermediate deliveries will be required if a contractor fails to deliver a product in stock, in which case the contractor shall make delivery by mutual agreement at another convenient time. The contractor shall not

assess recipient agencies additional delivery fees for this service. The Using Agency prefers no special deliveries but an occasional rare circumstance may occur warranting this practice.

## 15 – Review and Inspection Requirements

Contractor shall allow authorized representatives of the Using Agency and/or USDA to inspect the warehouse and material handling equipment, inspect and inventory all USDA Food stored pursuant hereto, and review all records pertaining to such foods, at any normal business hour. Such inspection will not in any way act to relieve the contractor of any responsibilities under this contract or under law, nor constitute a waiver of the requirement of notification to the Using Agency. Nor will the contractor be relieved of responsibility if deterioration, infestation, or other change of condition is detected in any of the USDA Food stored pursuant hereto.

The Using Agency will conduct periodic reviews and an annual review/physical inventory (during the month of July). USDA Food identified as lost, stolen, out of condition or otherwise unavailable for distribution may result in claim action against the contractor. Written notification of a pending review and/or physical inventory will be sent to the contractor at least ten working days prior to the review date. The use of the contractor's staff and equipment for the purpose of conducting such reviews/physical inventories shall be at no additional cost to the Using Agency. A minimum of one representative of the contractor shall accompany Using Agency personnel during such reviews and/or physical inventories.

All warehouse facilities must be in continuous compliance with the U.S. Food and Drug Administration Guidelines pertaining to storage of manufactured foods and applicable Indiana Food Storage Laws.

Contractor must submit, as part of the proposal, documentation that the Indiana State Board of Health or other appropriate health department routinely inspects their warehouse facilities. A copy of a business license or permit is not considered appropriate documentation.

## 16 - Insurance

The contractor shall fulfill those responsibilities pertaining to the proper care, distribution, and accounting of USDA Food by providing insurance as follows:

- A. "All Risk" contents insurance at the warehouse with coverage equal to the market value of the USDA Food in storage at any one time.
- B. "All Risk" transit insurance during the transportation of the product with coverage equal to the market value of USDA Food on delivery vehicles at any one time.

## 17 - Reports and Other Requirements

A. Receiving: All documents relating to the receipt of all USDA Food must be kept on file with the contractor for future reference when needed for verification. The contractor is required to verify USDA Food shipment receipts through the Using Agency CNPweb™ system no later than **two full working days** after **unloading has been** completed.

B. Inventory: The contractor will have on demand access to the Using Agency CNPweb™ system for the purpose of inventory reconciliation between the contractor's system and the CNPweb™ system.

1. The following shall be submitted to the Using Agency monthly along with the invoice:

a. A summary of the USDA Food inventory status for the Using Agency account.

The **inventory** report must be submitted by the 10th day of the month following the month to which the report pertains.

## 18 - Responsibility and Control of USDA Food

USDA Foods are normally allocated to recipient agencies within two weeks after their arrival at the designated warehouse. Recipient agencies are responsible for ordering and accepting delivery of their USDA Food. Contractor shall be responsible for withdrawing USDA Food from storage on a first in, first out (FIFO) basis, unless otherwise directed by the Using Agency. **Recipient agencies shall not be required to accept seriously damaged USDA Food items. The contractor shall not attempt to deliver foods that are deemed to be seriously damaged. This damage can occur prior to delivery or in transit.** Seriously damaged is defined as those food items that are determined to be unfit for human consumption and/or are in such a condition so as to introduce an infestation; contaminate other foods; or which Federal, State, or local health officials would have cause to condemn and order destroyed. Seriously damaged food items must be handled in accordance with applicable health and sanitation laws and regulations. Normal commercial food item receiving practices are to be followed. Recipient agency representatives are responsible for ensuring that the proper notations are made on all delivery receipts. The contractor is required to make the appropriate entry into the CNPweb™ system within the required time frame and forward any required completed forms to the Using Agency.

The Using Agency's policies concerning the handling of a damaged or an out of condition USDA Food are covered in **Exhibits 3-4, through 3-6.**

The contractor **WILL NOT** be paid for delivery of any USDA Food item which is documented to be unfit for program use due to damage sustained while in transit aboard the contractor's delivery vehicle or as a direct result of improper storage and/or damage while in the contractor's care.

## 19 – Shortages and Damages

A contractor shall be financially responsible for shortages and damages to products or packages that make them unacceptable to recipients. Damages may include, but are not limited to, insect and rodent infestation due to improper storage; mold; mildew or other quality altering contamination and physical damage to containers including serious rust. In situations where a USDA Food item is unavailable for delivery to a recipient agency as requested, the contractor has two options to reconcile the shortage. First, the product may be replaced from the contractor's commercial stock. The product must be of U.S. origin and identical or superior in every particular to the item it is replacing. Second, the contractor may choose to reimburse the recipient agency directly using the market value established by the Using Agency. This policy will also apply to any partial cases delivered to recipient agencies unless specifically exempted in writing by the Using Agency.

In the event that deterioration; infestation or other change of condition is detected in any of the USDA Food stored pursuant hereto, the contractor shall notify the Using Agency immediately, in writing, thereof, and shall take all reasonable steps necessary for the care and protection of all such USDA Food. Pending instructions from the Using Agency, any reasonable costs incurred by the contractor in carrying out such care and protective measures will be invoiced to the Using Agency on a separate and itemized invoice. The Using Agency will pay all legitimate invoices after due consideration is given to the circumstances surrounding such invoices. No part of the invoiced amounts will include expenses incident to the care and protective measures ordinarily required of the contractor in the normal course of business.

At any time, should a shortage or damage incident result in a discrepancy between the physical and book inventory, such discrepancies shall be reconciled between the contractor and the Using Agency as soon as



possible. After due consideration, irreconcilable discrepancies will be settled by computing the value of the USDA Food lost based on the most current USDA "market value" at the time the loss is reported. This monetary value as computed by the Using Agency will be assessed as a claim against the contractor. The Using Agency shall submit a monetary claim settlement request to the contractor within ten working days after discovery or report of the discrepancy. The contractor has fifteen working days to appeal the assessment to the Using Agency. The appeal must be in writing and submitted to the Using Agency within the fifteen working days. The Using Agency will rule on the appeal and respond in writing within ten working days after receipt of the contractor's appeal request letter. If the appeal is denied, the contractor shall make payment, as directed, within ten working days after the appeal denial. Failure to comply with this request could result in the initiation of termination procedures. Overages, should they occur, will accrue to the benefit of the Using Agency and shall not be used as an offset against shortages except in instances where a clear identification of an uncorrected delivery error can be documented (i.e., applesauce was delivered instead of **sliced apples**). In such instances the final reconciliation decision shall rest with Using Agency.

## 20 - Pricing

Prices from bidders shall be submitted on a unit (case) basis. Bid prices must be submitted on the attached Pricing Document.

Regular Deliveries: The pricing for regular deliveries shall be based on delivery of USDA Food biweekly. Other delivery options and storage fees may be negotiated directly between the contractor and specific recipient agencies.

A full month's storage will apply on all USDA Food received between the first and the fifteenth, inclusive, of a calendar month; one-half month's storage charge will apply on all USDA Food received between the sixteenth and the last day, inclusive, of a calendar month; and a full month's storage charge will apply to all USDA Food in storage on the first day of the next and succeeding calendar months.

If the successful bidder has USDA foods in storage for the Using Agency prior to the effective date of the contract, the new rates for storage shall apply to all USDA Food in storage on and after the effective date of the contract. All such USDA Food, for storage charge and distribution purposes, shall be deemed to have been received on the effective date of the contract. This process will call for a closeout of the prior year Using Agency account.

The Using Agency storage rate shall not apply to any recipient agencies other than those mutually agreed to, in writing, by the Using Agency and the contractor. The contractor shall be free to establish **storage rates** for recipient agencies in accordance with applicable industry practice for commercial end products not allocated by the Using Agency. Other rates or charges pursuant to this bid not specifically identified herein (withdrawal, minimum maintenance, etc.) shall not be established by the contractor without the express written consent of the Department of Administration and the Director of School and Community Nutrition, Department of Education.

The contractor shall accept USDA Food (new products and/or changes in package sizes) that are not specifically listed in this document and a billing rate shall be established with regard to the appropriate type of storage. The Using Agency and the contractor shall mutually agree to the rate in writing.

## 21 - Selection of Contractors

If a contractor is awarded more than one region and each region has a separate bid price for In/Out Handling, and/or Storage by classification (dry, cooler, and freezer) **but only one storage facility**, the Using Agency will

establish weighted average pricing across all regions for each line item where the pricing is different.

## 22 - Payments

Contractor will submit invoices monthly, or at other mutually agreed intervals, to the Using Agency:

Indiana Department of Education  
Accounts Payable  
South Tower, Suite 600  
115 W. Washington Street  
Indianapolis IN 46204

Invoices, following the using agency prescribed format, should be submitted by 4:30 p.m. (**Eastern Standard Time**) on the 5th of each month for charges accruing through the end of the previous month. Under normal circumstances, the invoices will be paid within thirty-five days from the date of receipt by the IDOE Finance Division. Invoices received after the **5th** of the month will be processed within the thirty-five days payment period following the date of receipt. Separate invoices shall be submitted for each type of transaction (receipts of USDA Food shipments, storage and delivery). The separate invoices may be grouped by type of transaction. Where applicable, the Using Agency assigned USDA Food code shall be used in preparing invoices. This USDA Food code shall be used on all recipient agency delivery receipts, and correspondence pertaining to the Food Distribution Program. The following are explanations of the transaction categories and the minimum information to be included on the appropriate invoice:

A. Receipt invoices for USDA Food shipments may be submitted along with the appropriate receiving documents (tally sheets, bills of lading, etc.). At a minimum, the receipt invoice must include the name of the USDA Food item; Using Agency assigned USDA Food item code, delivery order number, receiving date, in out handling charge, number of units received, extended cost per line item, and total cost per invoice.

B. Invoices for the delivery of USDA Food to recipient agencies shall be submitted for only those deliveries completed during the month to which the invoice pertains (**as verified through the CNPweb™ system**). At a minimum, the delivery invoice must include, in a line itemized format, the name and agreement number of each recipient agency receiving USDA Food during the month, the total units delivered during the month, the delivery charge, the extended cost, and the total cost for the invoice.

The per case delivery charge will be adjusted monthly based on the adjustment rates listed on the Cost Proposal (Attachment D) of the RFP. Adjustments for the calendar month will be based on the PDX-4/LO SULFUR TANK OPIS Price for the 15th of the month for the Survey District closest to the contractor warehouse. If the 15th falls on a Sunday or no data is available, the next Monday will be used.

C. Invoices for storage of USDA Food will be submitted monthly only for those USDA Food which were in the Using Agency account as of the first day of that month and those USDA Food received during the reporting month subject to the constraints heretofore outlined. At a minimum, the storage invoice must include, in a line-itemized format, the name of the USDA Food, Using Agency USDA Food code, delivery order number, receiving date, number of units being invoiced, storage rate, extended cost, and total cost of invoice.

**The Using Agency will not pay recipient agency storage invoices.**

D. Contractor invoices to recipient agencies in connection with the Food Distribution Program (i.e., drop fees) shall clearly itemize USDA Food utilizing the Using Agency USDA Food code. Each USDA Food shall be listed separately. In the event a recipient agency falls more than ninety calendar days in arrears in payment, the Using

Agency and the contractor shall **mutually** agree to suspend deliveries until such time as all payments are current. The contractor must notify the Using Agency of any recipient agency that is in this financial position. It is the responsibility of the contractor to pursue collection of these overdue charges and/or fees. In no way shall non-payment of invoices by a recipient agency affect the reallocation of stored USDA Food should the need arise. The contractor, concerning such stored USDA Food, shall take no lien or other holding action.

E. Invoices for additional care such as blast freezing as a means of meeting temperature storage guidelines of inbound USDA Food shall be submitted separately. Contractor shall also submit in addition to the invoice, an explanation of the circumstances and name of the Using Agency representative authorizing the additional service.

The contractor will only be paid once for in/out handling charges on any given USDA Food shipment.

## 23 - Labor

Charges for labor not specifically covered by any previous paragraph will be authorized only with prior written approval from the Using Agency and must be itemized and explained in full on a separate invoice.

Overtime charges shall be those that are necessary because of holiday work or services performed during other than the normal business hours. These charges shall be authorized only with prior written approval and must be itemized and explained in full on a separate invoice.

## 24 - Termination

This contract may be terminated by the State upon thirty days written notice and respective obligations of both parties under this contract shall cease upon the 30th day following the said written notice.

The State may, at its option, terminate the contract for any of the following reasons:

A. Failure to make timely deliveries.

B. Failure of the contractor to store and deliver USDA Food consistent with acceptable Federal and Indiana health and safety laws.

C. Failure of the contractor to document the arrival and delivery of USDA Food pursuant to the terms of this document.

D. Failure of the contractor to comply with any of the requirements of the bid document and/or the contract.

E. When the Federal Agency modifies either the quantity of USDA Food shipped or the delivery pattern in such a manner as to make continuation of the contract not in the best interests of the recipient agencies.

F. When the Director of the State Budget Agency makes a written determination that funds are not appropriated (or otherwise available) to support continuation of performance of this contract, this contract shall be canceled.

## 25 - Records and Reviews

The contractor will maintain records that fully account for the receipt and disposition of all USDA Food. Such records must be maintained for seven years following the close of the federal fiscal year to which they pertain and must be available for review at any reasonable time upon request of either USDA or the Using Agency.

## 26 - Lines of Communication

Each recipient agency shall designate a specific individual to communicate with the contractor regarding USDA Food ordering and delivery. The same individual should be the person to communicate with the Using Agency in regard to any problems. The contractor and the Using Agency shall direct their communication through the designated individual at the recipient agency. Matters of policy and administration including complaints should be directed, in writing, to the Using Agency. The Using Agency shall also designate contacts within the Food Distribution Program for the purpose of communicating with the contractor. The contractor must provide a designated contact and email address as part of the bid proposal.

## 27 - Complaint Procedures

Complaints concerning any aspect of the Food Distribution Program shall be submitted to the Using Agency in writing. The complaint will be reviewed and, if warranted, an investigation will be initiated. The Using Agency reserves the right to request any pertinent information and documentation, from all parties, as may be necessary to complete such an investigation. The Using Agency shall prepare a written response to all legitimate concerns and insure that all interested parties receive a copy of such a response. The Indiana Department of Administration will be notified of serious complaints, which would appear to violate this document and the accompanying contract. Termination proceedings may be initiated based on results of the complaint investigation and supporting documentation.

## 28 - Direct Shipment of USDA Food

The Using Agency, in accordance with the Commodity Distribution Reform Act of 1987 (Public Law 100-237), is required to provide direct shipment service to those recipient agencies capable of accepting at least quarter truckload lots of selected USDA Food. The Using Agency orders these selected USDA Food for direct shipment from USDA contracted vendors to a recipient agency's warehouse or other designated delivery site.

## 29 – Renewal Option

This contract may be renewed under the same terms and conditions subject to the approval of the Commissioner of the Department of Administration and the State Budget Director in compliance with (IC) 5-22-17-4. The term of the contract, including any renewals, may not exceed four (4) years. Any subsequent renewal to this agreement may include an increase of up to five (5%) percent per year at the sole discretion of the State. **The determination will be made based on the requested increase or the CPI-U, Food away from home (12 months ending the preceding September 30) whichever is less**, and is not subject to agreement or acceptance by the contractor. The price increase request must be accompanied by a detailed explanation of justification such as itemized cost summaries, indexes, or other such documentation. Any provision for automatic renewal is void. The contractor must submit a request for any increase at the time of renewal notification. Any increase granted cannot exceed a five percent increase in the total value of the prior year **Bid Pricing and Analysis Sheet** (by region awarded) calculated on the base cases distributed by region on the prior year contract. This will be a weighted average value including bid evaluation pricing elements (In/Out Handling; Storage including Dry, Cooler, and Freezer; and Delivery).

*Example:* If the weighted average case price the prior year was \$1.91 and the total prior year base cases was 150,000 then the total value **on the Bid Pricing and Analysis Sheet** would be \$286,500. The contractor may request an increase in any one or all of the pricing elements, but the total effect cannot exceed five percent or **the CPI-U, Food away from home (12 months ending the preceding September 30) whichever is less** of the prior year **Bid Pricing and Analysis Sheet** value. In this example, the maximum increase would be \$14,325. The new **Bid Pricing and Analysis Sheet** value would be \$300,825.